

Box Elder Family Support Center

Year Ended June 30, 2009

Financial Statements

And

Independent Auditor's Report

With Supplementary Information

And

Compliance Reports



Box Elder Family Support Center

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information and Compliance Reports	
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10
Report on Compliance With State of Utah Legal Compliance Audit Guide	12
Schedule of Findings	13



SHAW/MUMFORD
AND CO. P.C.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Box Elder Family Support Center
Brigham City, UT

We have audited the accompanying statement of financial position of Box Elder Family Support Center (a nonprofit organization) as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Box Elder Family Support Center as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2009 on our consideration of Box Elder Family Support Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Shaw Mumford & Co., P.C.

Bountiful, Utah
December 4, 2009

Box Elder Family Support Center
Statement of Financial Position
June 30, 2009

ASSETS

Current assets

Cash and cash equivalents	\$ 148,493
Accounts and grants receivable, including promises to give	48,145
Prepaid expenses	<u>2,800</u>
Total current assets	<u>199,438</u>

Fixed assets, at cost

Land	27,000
Building	214,152
Furniture and equipment	<u>25,587</u>
Total fixed assets	266,739

Less accumulated depreciation	<u>(76,084)</u>
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Net fixed assets	<u>190,655</u>
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Total assets	<u>\$ 390,093</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ -
Accrued liabilities	6,779
Current portion of long-term debt	<u>1,258</u>

Total current liabilities	<u>8,037</u>
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Long-term debt, net of current portion	<u>18,025</u>
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Total liabilities	<u>26,062</u>
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Net assets

Unrestricted	351,461
Temporarily restricted	12,570
Permanently restricted	<u>-</u>

Total net assets	<u>364,031</u>
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Total liabilities and net assets	<u>\$ 390,093</u>
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See accompanying notes to financial statements.

Box Elder Family Support Center

Statement of Activities Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Utah Division of Child and Family Services	\$ 191,865	\$ -	\$ -	\$ 191,865
Public Donations	43,510	3,750	-	47,260
Utah State University	14,822	-	-	14,822
United Way	5,350	8,820	-	14,170
Brigham City TAG Program	12,174	-	-	12,174
Bear River Association of Governments	2,500	-	-	2,500
Association of Family Support Centers	1,668	-	-	1,668
Interest income	1,591	-	-	1,591
Total revenues and support	273,480	12,570	-	286,050
EXPENSES				
Program services	224,272	-	-	224,272
Management and general	10,550	-	-	10,550
Fundraising	12,983	-	-	12,983
Total expenses	247,805	-	-	247,805
Change in net assets	25,675	12,570	-	38,245
Net assets, beginning of year	325,786	-	-	325,786
Net assets, end of year	\$ 351,461	\$ 12,570	\$ -	\$ 364,031

See accompanying notes to financial statements.

Box Elder Family Support Center

Statement of Functional Expenses

Year Ended June 30, 2009

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 151,349	\$ 7,514	\$ 9,246	\$ 168,109
Payroll taxes	11,565	574	707	12,846
Employee benefits	<u>7,212</u>	<u>358</u>	<u>441</u>	<u>8,011</u>
Total salaries and related expenses	170,126	8,446	10,394	188,966
Travel	4,421	219	270	4,910
Occupancy	3,943	196	241	4,380
Conferences	3,943	196	241	4,380
Office expense	3,935	195	240	4,370
Program incentives	3,716	-	-	3,716
Other expenses	3,199	159	195	3,553
Communications	2,820	140	172	3,132
Shop with a Cop expenses	2,941	-	-	2,941
Stipends	2,730	-	-	2,730
Professional fees	2,430	121	149	2,700
Program supplies	2,351	117	144	2,612
Supplies	2,335	116	143	2,594
Groceries	2,384	-	-	2,384
Insurance	2,022	100	123	2,245
Interest expense	<u>180</u>	<u>9</u>	<u>11</u>	<u>200</u>
Total expenses before depreciation	213,476	10,014	12,323	235,813
Depreciation	<u>10,796</u>	<u>536</u>	<u>660</u>	<u>11,992</u>
Total expenses	<u>\$ 224,272</u>	<u>\$ 10,550</u>	<u>\$ 12,983</u>	<u>\$ 247,805</u>

See accompanying notes to financial statements.

Box Elder Family Support Center

Statement of Cash Flows Year Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 38,245
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	11,992
Changes in current assets and liabilities:	
Accounts and grants receivable, including promises to give	10,348
Prepaid expenses	(2,800)
Accrued liabilities	<u>(1,995)</u>
Net cash provided by operating activities	<u>55,790</u>

CASH FLOWS FROM INVESTING ACTIVITIES

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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on long-term debt	<u>(1,246)</u>
Net cash (used in) financing activities	<u>(1,246)</u>

Net change in cash 54,544

Cash and cash equivalents, beginning of year 93,949

Cash and cash equivalents, end of year \$ 148,493

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid for interest \$ 200

Cash paid for income taxes \$ -

See accompanying notes to financial statements.

Box Elder Family Support Center
Notes to Financial Statements
June 30, 2009

1. ORGANIZATION BASIS OF PRESENTATION

Box Elder Family Support Center (the "Organization") was incorporated under the laws of the State of Utah as a nonprofit corporation on June 15, 1995. The Organization's purpose is to provide education and supportive services to strengthen the family unit and enhance family functioning. The Organization does this by providing short-term respite and emergency care, parenting classes and in-home parenting instruction to children and their parents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Organization have been prepared on the accrual basis. The Organization follows the provisions of Statements of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations" and SFAS No. 116, "Accounting for Contributions Received and Contributions Made."

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Classes of Net Assets

Revenues and gains are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- a. Unrestricted net assets represent the portion of net assets not subject to donor restrictions.
- b. Temporarily restricted net assets arise from contributions that are restricted by the donor for specific purposes or time periods.
- c. Permanently restricted net assets arise from contributions that are restricted by the donor in perpetuity.

All contributions are considered available for unrestricted use, unless specifically restricted by the donors. All expenses are reported as changes in unrestricted net assets.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of 3 months or less.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at their estimated collectible amounts. The Organization's accounts receivable are generally short-term in nature; thus accounts receivable do not bear interest.

Notes (continued)

Accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition. An allowance for doubtful accounts has not been established because management believes that all receivables are fully collectible.

Fixed Assets

Fixed assets are recorded at acquisition cost, or if donated, at the fair market value at the date donated. The Organization capitalizes additions that exceed \$1,000. Depreciation expense is provided on a straight-line basis over the following estimated useful lives of the respective assets, which range from five to thirty years. Depreciation expense for the year ended June 30, 2009 was \$11,992.

Contributions

Unconditional promises to give are recognized as contributions when received at the net present value of the amounts expected to be collected. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor-imposed time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities and changes in net assets as net assets released from restriction. Donor-restricted contributions whose restrictions are met in the same year the contribution is received are reported as unrestricted. Capital campaign contributions are considered temporarily restricted until the asset is placed into service.

Income taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended June 30, 2009.

Government Funding

Funding from all government sources is considered to be unrestricted as long as it is expended under contract guidelines and is expended in the period for which it is contracted.

Concentration of Credit Risks

The Organization maintains cash balances in a banking institution. Accounts in this institution are insured by the National Credit Union Administration up to \$250,000. At June 30, 2009, they did not exceed the NCUA insurance limit of \$250,000. The organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Organization receives a significant amount of its funding from government sources. Decreases in this government support would have an adverse effect upon the Organization.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Notes (continued)

Fair Value of Financial Instruments

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2009, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

3. ACCOUNTS AND GRANTS RECEIVABLE, INCLUDING PROMISES TO GIVE

Accounts and grants receivable, including promises to give, consists of the following at June 30, 2009:

Utah Division of Child and Family Services	\$ 36,825
Bear River	2,500
United Way (promise to give)	<u>8,820</u>
	<u>\$ 48,145</u>

The Organization expects to receive the entire amounts of all trade receivables in the next fiscal year. The United Way promise to give is expected to receive \$5,040 in 2010 and \$3,780 in 2011.

4. LONG-TERM DEBT

Long-term debt consists of a note payable to a government agency. The balance outstanding as of June 30, 2009 was \$19,283. The note accrues interest at 1.00% annually and is payable in 240 monthly installments. The note is secured by a Deed of Trust. Future maturities of long-term debt are as follows:

<u>Year Ending June 30,</u>	
2010	\$ 1,258
2011	1,271
2012	1,283
2013	1,296
2014	1,309
Thereafter	<u>12,866</u>
	<u>\$ 19,283</u>

Interest expense for the year ended June 30, 2009 was \$200.

5. UTAH DIVISION OF CHILD AND FAMILY SERVICES

The individual contracts and grants received from the Utah Division of Child and Family Services for the year ended June 30, 2009 were as follows:

Crisis/Respite Nursery	\$ 120,500
Therapy	30,400
Outreach	21,750
Children's Trust	5,300
State Shelter	<u>13,915</u>
	<u>\$ 191,865</u>

SUPPLEMENTARY INFORMATION

AND

COMPLIANCE REPORTS



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Box Elder Family Support Center
Brigham City, UT

We have audited the financial statements of Box Elder Family Support Center (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Box Elder Family Support Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Box Elder Family Support Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Box Elder Family Support Center's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting (Findings 2009-1, 2009-2, and 2009-3).

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We consider findings 2009-1 and 2009-2 in the accompanying Schedule of Findings to be material weaknesses in internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Box Elder Family Support Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Shaw Munford & Co., P.C.

Bountiful, Utah
December 4, 2009



SHAW/MUMFORD
AND CO. P.C.

**REPORT ON COMPLIANCE WITH STATE OF UTAH
LEGAL COMPLIANCE AUDIT GUIDE**

The Board of Directors
Box Elder Family Support Center
Brigham City, UT

We have audited the financial statements of Box Elder Family Support Center (a nonprofit organization) for the year ended June 30, 2009 and have issued our report thereon dated December 4, 2009. As part of our audit, we have audited Box Elder Family Support Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State award program as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. Box Elder Family Support Center received the following major State assistance program from the State of Utah:

Crisis Nursery/In-home Respite (Utah Department of Human Services)

Box Elder Family Support Center also received the following nonmajor grants which are not required to be audited for specific compliance requirements: (However, these programs were subject to test work as part of the audit of Box Elder Family Support Center's financial statements.)

Parenting Classes (Utah Department of Human Services)
Safe and Stable Families (Utah Department of Human Services)
Parent Evaluation (Utah Department of Human Services)

The management of Box Elder Family Support Center is responsible for its compliance with the compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about Box Elder Family Support Center's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the Organization's compliance with these requirements.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Box Elder Family Support Center complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; and matching that are applicable to its major State assistance program for the year ended June 30, 2009.

This report is intended solely for the information and use of the audit committee, management, and Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Shaw Mumford & Co., P.C.

Bountiful, Utah
December 4, 2009

Box Elder Family Support Center
Schedule of Findings
June 30, 2009

Finding 2009-1: The Organization did not record all adjusting journal entries from June 30, 2008 review. The Organization did not record adjusting entries from the June 30, 2008 review. This resulted in fixed assets being understated by approximately \$2,200, revenues being overstated by approximately \$9,375, and net assets being understated by approximately \$9,400. We recommend that the Organization implement procedures to record all adjusting journal entries from a review or audit.

Management's response: The Organization agrees with the finding and will implement procedures to record adjusting journal entries from any audits or reviews.

Finding 2009-2: The Organization did not recognize the full amount revenue from a promise to give and reimbursements for work completed in audit period. The Organization had submitted reimbursement requests during the audited fiscal year where the payments had not been received by year end. These amounts were not included as accounts receivable as of June 30, 2009. This resulted in assets and revenue being understated by approximately \$7,900. The Organization also received a promise to give from the United Way and the full value of the grant was not recognized as revenue. This resulted in assets and revenue being understated by approximately \$8,800. We recommend that the Organization implement procedures to ensure that all outstanding reimbursement requests are recognized in the proper period. We also recommend that the Organization implement procedures to ensure that all promises to give are recognized in accordance with SFAS No. 116.

Management's response: The Organization agrees with the finding and will implement procedures to identify promises to give and to record both promises to give and reimbursement requests in the future.

Finding 2009-3: The Organization expensed a future period expense in the current year. The Organization prepaid an annual insurance expense of approximately \$2,800 in June 2009 for the 2010 fiscal year and recognized it as an expense in fiscal year 2009 rather than a prepaid expense. This resulted in the assets being understated by approximately \$2,800 and the expenses being overstated by the same amount. We recommend that the Organization implement procedures to correctly identify, calculate, and record prepaid expenses.

Management's response: The Organization agrees with the finding and will implement procedures to identify prepaid expenses in the future.